



Greater Giyani Municipality  
Annual Financial Statements  
for the year ended 30 June 2012

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## General Information

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<b>Legal form of entity</b>	Local Municipality
<b>Grading of local authority</b>	Grade 3
<b>Speaker</b>	MN Maswanganyi
<b>Chief Whip</b>	JT Chabalala
<b>Mayoral committee</b>	J Baloyi TE Chauke MP Hlungwani (Mayor) N Khabdlela GA Maluleke KA Manganyi WW Mhlongo NPH Ndhaba MR Rikhotso NM Rikhotso
<b>Councillors</b>	DE Baloyi HI Baloyi TE Baloyi W Baloyi JH Bilankulu JT Chavalala SH Fuela B Gaveni MD Hlungwani MP Hlungwani NR Khandlhela BM Khosa GE Mabasa EN Mabunda MA Makamu MJ Makhubela BM Makhubele HH Makhubele MP Makhubele PP Makhubele S Makhubele TA Makhubele GA Maluleke TR Maluleke HJ Manganye KA Manganyi

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## General Information

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TC Manganyi  
MS Maswanganye  
NM Maswanganyi  
SS Maswanganyi  
ZR Maswanganyi  
MY Mathebula  
SS Mathebula  
PY Matukane  
TN Mavasa  
NP Mhlongo  
WW Mhlongo  
PP Mkhari  
TJ Moshwana  
AM Mthombeni  
MW Mthombeni  
NHP Ndaba  
MJ Ndlovu  
AM Ngobeni  
HB Ntimana  
A Rikhotso  
MQ Rikhotso  
MR Rikhotso  
NM Rikhotso  
MT Sambo  
MI Shimange  
HD Shivambu  
HR Shivambu  
M Shiviti  
GE Sithole  
XJ Valoyi  
SH Vukeya  
TC Zitha

**Accounting Officer** GI Masingi

**Chief Finance Officer** RH Maluleke

**Business address** Private X9559  
GIYANI

**Postal address** Private X9559  
GIYANI  
0826

**Banker** First National Bank

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## General Information

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Giyani Branch

**Auditors**

Auditor General of South Africa

**Audit Committee**

H Hlomane  
SST Kholong  
TC Modipane (chairperson)  
FJ Mudau  
JAB Ngobeni

**Attorneys**

MC Baloyi  
GGMUN  
M Raphesu

**Provincial Treasury**

M Maeta

**Website**

[www.greatergiyani.gov.za](http://www.greatergiyani.gov.za)

**Enabling legislation**

The Division of Revenue Act of 2010  
The Constitution of the Republic of South Africa  
The Municipal Finance Management Act 56 of 2003  
The Municipal Systems Act 32 of 2000

# Greater Giyani Municipality

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### Abbreviations

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
MDM	Mopane District Municipality

# **Greater Giyani Municipality**

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## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the service charges and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Greater Giyani Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

# **Greater Giyani Municipality**

*Annual Financial Statements for the year ended 30 June 2012*

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer further certifies that the remuneration of councillors are disclosed in the relevant note to the financial statements is in accordance with the Public Office Bearers Act (Act 20 of 1998) and the Minister of Co-operative Governance and Traditional Affairs' s determination of upper limits of the salaries, allowances and benefits as promulgated annually.

The annual financial statements set out on pages 7 to 47, which have been prepared on the going concern basis, were approved on 31 August 2012 and were signed on behalf of the municipality by:

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**GI Masingi**  
**Accounting Officer**  
**Greater Giyani Municipality**

**31 August 2012**  
**Date**

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Statement of Financial Position

	Notes	2012 R	2011 R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	312 345	678 175
Trade and other receivables	4	3 475 975	3 475 975
Consumer debtors	5	9 441 766	643 881
Cash and cash equivalents	6	61 706 711	23 694 244
Short term investments	7	207 715	197 245
		<b>75 144 512</b>	<b>28 689 520</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	187 861 865	177 802 891
Investment property		-	-
Intangible assets		-	-
		<b>187 861 865</b>	<b>177 802 891</b>
<b>Total Assets</b>		<b>263 006 377</b>	<b>206 492 411</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	54 831 127	50 207 190
VAT payable	10	4 059 728	4 547 931
Unspent conditional grants	11	11 027 527	13 273 915
		<b>9 525 844</b>	<b>3 447 773</b>
<b>Non-Current Liabilities</b>			
Provisions		-	-
Retirement benefit obligation	12	9 525 844	3 447 773
		<b>9 525 844</b>	<b>3 447 773</b>
<b>Total Liabilities</b>		<b>79 444 226</b>	<b>71 476 809</b>
<b>Net Assets</b>			
Accumulated surplus	13	183 562 151	135 015 602
<b>Total liabilities and net assets</b>		<b>263 006 377</b>	<b>206 492 411</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Statement of Financial Performance

	Notes	2012 R	2011 R
<b>Revenue from exchange transactions</b>			
Income from agency services		307 268	1 282 151
Licences and permits		4 136 372	3 772 131
Rental of facilities and equipment	15	669 305	607 593
Service charges	16	3 771 742	3 181 670
		<b>8 884 687</b>	<b>8 843 545</b>
<b>Revenue from non-exchange transactions</b>			
Fines		133 830	155 992
Government grants & subsidies	17	155 009 680	124 307 073
Property rates	18	25 652 874	12 230 879
		<b>180 796 384</b>	<b>136 693 944</b>
Other income	19	1 063 979	1 003 990
Interest received - investment	20	11 098 094	1 557 281
<b>Total income</b>		<b>201 843 144</b>	<b>148 098 760</b>
<b>Operating expenses</b>			
Employee related costs	21	(67 481 677)	(72 464 191)
Remuneration of councillors	22	(13 925 178)	(12 899 710)
Finance costs	23	(433 284)	(234 585)
Depreciation	24	(18 504 127)	(16 279 363)
Debt impairment	25	(16 910 981)	(33 333 284)
Repairs and maintenance		(3 534 017)	(2 969 158)
Contracted Services	26	(353 687)	(1 436 454)
General expenses	27	(31 925 755)	(33 368 628)
<b>Surplus (deficit) for the year</b>		<b>48 774 438</b>	<b>(24 886 613)</b>

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
<b>Balance at 30 June 2010</b>	<b>147 552 480</b>	<b>147 552 480</b>
Accumulated surplus	13 843 038	13 843 038
Correction of prior period error	(1 493 303)	(1 493 303)
Restated balance as at 30 June 2010	159 902 215	159 902 215
Surplus for the year	(24 886 613)	(24 886 613)
<b>Balance at 01 July 2011 as restated</b>	<b>135 015 602</b>	<b>135 015 602</b>
Surplus for the year	48 774 438	48 774 438
Correction of prior period error	(227 889)	(227 889)
<b>Balance at 30 June 2012</b>	<b>183 562 151</b>	<b>183 562 151</b>
Note		13

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Cash Flow Statement

	Notes	2012 R	2011 R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		25 652 874	12 230 879
Sale of goods and services		3 771 742	21 052 338
Grants		155 009 680	136 880 236
Interest income		11 098 094	1 557 281
Other receipts		(2 696 184)	6 821 857
		<u>192 836 206</u>	<u>178 542 591</u>
<b>Payments</b>			
Employee costs		(61 403 606)	(69 016 418)
Remuneration of councillors		(13 925 178)	(12 899 710)
Suppliers		(50 270 681)	(66 882 583)
Finance costs		(433 284)	(234 585)
		<u>(126 032 749)</u>	<u>(149 033 296)</u>
<b>Net cash flows from operating activities</b>	<b>29</b>	<b><u>66 803 457</u></b>	<b><u>29 509 295</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	<u>(28 790 990)</u>	<u>(8 676 818)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b><u>38 012 467</u></b>	<b><u>20 832 477</u></b>
Cash and cash equivalents at the beginning of the year		23 694 244	2 861 767
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b><u>61 706 711</u></b>	<b><u>23 694 244</u></b>

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

#### 1.2 Use of estimates

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

#### 1.3 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

#### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for infrastructure assets which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Estimated useful life
Buildings	30
Plant and equipment	2-15
Motor vehicles	4-7
Office equipment	3-7
IT equipment	3-5
Community halls	30
Roads, pavements, bridges and storm water	10-30
Security measures	3-10
Libraries	30
Car parks, bus terminals and taxi ranks	20
Street lighting	20-25
Refuse site	30
Fire services	30
Clinics	30
Cemeteries	30
Park and gardens	10-30
Street names, signs and parking meters	5
Sport fields	10-30
Specialised vehicles	15
Housing	30

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in profit or loss.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Accounting Policies

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### 1.5 Financial instruments

#### Classification

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

#### Trade and other receivables

A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments of all debt outstanding for more than 120 days are considered indicators that the trade receivables are impaired. Bad debts are written off during the year in which they are identified as irrecoverable, which may not be the date on which the provision is raised.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investment in financial instruments, net of bank overdrafts. Bank overdrafts are recorded on facility utilised. Finance charges on bank overdrafts are expensed as incurred.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method. Investments which include listed government bonds, unlisted municipal bonds, fixed deposit and short term deposits invested in registered banks are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes. The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12 months which are classified as non-current assets.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

### 1.6 Leases

#### Operating leases - lessee

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments or receipts are recognised on the basis of the actual cash inflows and outflows.

### 1.7 Inventories

The cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumables stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable values. In general, the basis of determining cost is the weighted average of cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold following the municipality's approved disposal strategy. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

### 1.8 Revenue

Revenue comprises the invoiced values of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, rebates and discounts and after eliminated revenue within departments of the Municipality.

### 1.9 Revenue from exchange transactions

Service charges relating to water are based on consumption. Meter readings are taken on a monthly basis and are recognised as revenue when invoiced. Provisional estimates are not used to estimate the revenue.

Revenue from sale of goods is recognised when the risks and rewards of ownership are passed to purchaser. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest and rentals are recognised on a time proportionate basis. Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Accounting Policies

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### 1.9 Revenue from exchange transactions (continued)

Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where public contribution has been received but municipality has not met the condition, a liability is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Collection charges are recognised when such amounts are legally enforceable.

Fines constitute both spot fines and summons. Revenue from spot fines and summons is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment at the fair value of the consideration received or receivable. Contributed property, plant and equipment is recognised when the deed of transfer is signed or when title of the items of property, plant and equipment is transferred to the Municipality whichever happens first.

### 1.10 Provisions and contingencies

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- The amount that would be recognised as a provision; and
- The amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note45.

### 1.11 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is raised.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Accounting Policies

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### 1.12 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.13 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.15 Comparative figures

Actual prior year amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed in Note 34.

### 1.16 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non - accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Accounting Policies

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### 1.16 Employee benefits (continued)

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to Municipal Employees Pension Fund, Municipal Gratuity Fund and SAMWU Provident Fund-managed retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit benefit plan. Councillors are members of the Municipal Councillors Pension Fund that was established in terms of the Remuneration of the Public Office Bearers Act 1998 (Act No. 20 of 1998).

Obligations for contributions on defined contribution plans are recognised as an expense in the Statement of Financial performance as incurred. Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the Statement of Financial Performance in the year which they relates as part of cost of employment.

### 1.17 Borrowing costs

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.18 Events after balance sheet date

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

### 1.19 Value added tax

Value added tax ("VAT") is payable on the receipts basis. Only once the payment is received from debtors is VAT paid over to SARS.

### 1.20 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Accounting Policies

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### 1.20 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation / amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is the period of time over which an asset is expected to be used by the municipality.

### 1.21 Offsetting

Assets, liabilities, revenue and expenses have not been offset.

### 1.22 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

##### **GRAP 23: Revenue from Non-exchange Transactions**

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

##### **GRAP 24: Presentation of Budget Information in the Financial Statements**

Subject to the requirements of paragraph 19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- The approved and final budget amounts;
- The actual amounts on a comparable basis; and
- By way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

A comparable basis means that the budget and annual financial statements:

- Are prepared using the same basis of accounting i.e. either cash or accrual;
- Include the same activities and entities;
- Use the same classification system; and
- Are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

### GRAP 103: Heritage Assets

GRAP 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

- It is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- The cost of fair value of the asset can be measured reliably.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

GRAP 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

GRAP 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

GRAP 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

- On disposal, or
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

#### **GRAP 21: Impairment of non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

An municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach;
- Restoration cost approach; and
- Service units approach.

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in profit or loss. Any impairment loss of a revalued non - cash - generating asset is treated as a revaluation decrease.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

#### **GRAP 26: Impairment of cash-generating assets**

Cash-generating assets are those assets held by a municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, a municipality estimates the recoverable amount of the asset. When estimating the value in use of an asset, a municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and a municipality applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in profit or loss. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, a municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- The future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- The future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, a municipality estimates the recoverable amount of that asset.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

A reversal of an impairment loss for a cash-generating asset is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

### GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that result in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle a municipality to a portion of another municipality's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, a municipality considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where a municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transaction costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An municipality measures a financial instrument at fair value if it is:

- A derivative;
- A combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- Held-for-trading;
- A non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- An investment in a residual interest for which fair value can be measured reliably; and
- Other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. An municipality is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an municipality can however designate such an instrument to be measured at fair value.

An municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once an municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- The cash flows from the asset expire, are settled or waived;
- Significant risks and rewards are transferred to another party; or
- Despite having retained significant risks and rewards, an municipality has transferred control of the asset to another municipality.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

An municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where an municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

An municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an municipality is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. A municipality is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>3. Inventories</b>		
Consumable stores	<u>312 345</u>	<u>678 175</u>
Cost of inventories expensed	1	1
Closing values were determined through internal valuation, taking into account current prices and the condition of stock items.		
<b>4. Trade and other receivables</b>		
Staff debtors (a)	48 464	48 464
Sundry debtors (b)	3 622 511	3 622 511
Sundry debtors provision	<u>(195 000)</u>	<u>(195 000)</u>
	<b><u>3 475 975</u></b>	<b><u>3 475 975</u></b>
(a) Staff debtors		
Staff debtors relate to amounts owed by councillors arising from exceeding cellphone limits on the Vodacom group subscription. A cellphone contract with Vodacom was based on the cellphone allowances of councillors, but the contract was not implemented as agreed by the service provider to ensure that limits are not exceeded. The recovery of the amounts still owing is in progress.		
(b) Sundry debtors		
Gross sales	4 016 500	4 016 500
Cash received	(588 989)	(588 989)
Debtor for fraudulent bank transaction	<u>195 000</u>	<u>195 000</u>
	<b><u>3 622 511</u></b>	<b><u>3 622 511</u></b>
The gross sales and cash received of the sundry debtors relates to sale of stands through an auction during 2009. The balance of the funds regarding sale of stands is paid into attorneys trust account. The amount paid into attorneys to date is R 1 191 992 and the auction commission fee is R 419 919. The balance in this attorneys trust account is unknown.		
<b>5. Consumer debtors</b>		
<b>Classified per service category</b>		
Rates	26 400 438	11 273 642
Refuse	8 182 319	5 823 575
House rentals	795 184	530 897
Cemetery charges	302 156	218 971
Interest	8 197 492	-
Other unclassified	<u>43 788 178</u>	<u>44 109 816</u>
	<b><u>87 665 767</u></b>	<b><u>61 956 901</u></b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>5. Consumer debtors (continued)</b>		
<b>Less: Provision for bad debts</b>		
Rates	(26 390 250)	(10 894 532)
Refuse	(7 430 438)	(6 102 208)
Cemetery charges	(278 663)	(191 630)
Other unclassified	(44 124 650)	(44 124 650)
	<b><u>(78 224 001)</u></b>	<b><u>(61 313 020)</u></b>
<b>Net balance</b>	<b><u>9 441 766</u></b>	<b><u>643 881</u></b>
<b>Prior year adjustments to consumer debtors</b>		
<b>Ageing analysis per service category</b>		
<b>Rates</b>		
Current	1 084 013	333 160
31-60 days	1 527 361	346 526
61-90 days	1 901 044	34 289
91-120 days	1 135 084	367 405
121-365 days	9 480 494	1 922 347
> 356 days	11 273 643	12 316 178
	<b><u>26 401 639</u></b>	<b><u>15 319 905</u></b>
<b>Water</b>		
Current	1 092 867	(144 568)
31-60 days	133 320	(252 139)
61-90 days	796 500	17 388
91-120 days	388 403	(203 217)
121-365 days	4 607 175	2 891 531
> 356 days	18 555 409	14 481 988
	<b><u>25 573 674</u></b>	<b><u>16 790 983</u></b>
<b>Sewerage</b>		
Current	169 501	108 147
31-60 days	(46 381)	125 273
61-90 days	159 677	102 474
91-120 days	140 784	101 508
121-365 days	1 055 445	915 230
> 356 days	2 895 054	1 672 332
	<b><u>4 374 080</u></b>	<b><u>3 024 964</u></b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>5. Consumer debtors (continued)</b>		
<b>Refuse</b>		
Current	285 009	103 703
31-60 days	164 184	243 386
61-90 days	103 301	225 985
91-120 days	199 386	112 037
121-365 days	1 606 863	1 497 203
> 356 days	5 823 575	6 312 220
	<b>8 182 318</b>	<b>8 494 534</b>
<b>House rental</b>		
Current	22 604	13 739
31-60 days	23 461	17 872
61-90 days	23 876	16 750
91-120 days	22 281	11 490
121-365 days	172 555	120 198
> 356 days	530 897	358 222
	<b>795 674</b>	<b>538 271</b>
<b>Cemetery charges</b>		
Current	7 541	8 007
31-60 days	7 610	8 401
61-90 days	7 506	6 063
91-120 days	834	5 024
121-365 days	59 694	64 055
> 356 days	218 969	127 769
	<b>302 154</b>	<b>219 319</b>
<b>Unclassified</b>		
Current	860 490	8 007
31-60 days	886 595	8 401
61-90 days	743 562	6 063
91-120 days	775 679	5 024
121-365 days	4 932 661	64 055
> 356 days	-	44 219 614
	<b>8 198 987</b>	<b>44 311 164</b>
<b>Reconciliation of bad debt provision</b>		
Balance at the beginning of year	61 313 021	27 979 737
Current year contributions to provision	16 910 980	33 333 284
<b>Balance at the end of year</b>	<b>78 224 001</b>	<b>61 313 021</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	-	(1 359)
Cashbook balance - primary	16 079 802	2 550 139
Cashbook balance - secondary	(824 429)	1 701 609
Call investment deposits	46 451 338	19 443 855
	<b><u>61 706 711</u></b>	<b><u>23 694 244</u></b>

## 7. Short term investments

Fixed costs	207 715	197 245
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The municipality has fixed deposit short term investments, redeemable within 180 days.

The fixed deposit is encumbered with a guarantee amount of R 144 000 pledged as a deposit on the electricity account with Eskom.

## 8. Property, plant and equipment

	2012			2011		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Buildings - Municipal and civic	16 566 449	(1 855 520)	14 710 929	19 668 834	(1 409 222)	18 259 612
Plant and machinery	9 212 106	(2 412 923)	6 799 183	9 212 106	(1 736 450)	7 475 656
Furniture and fixtures	1 161 661	(332 880)	828 781	1 150 846	(228 671)	922 175
Motor vehicles	3 777 110	(1 576 174)	2 200 936	3 162 110	(1 226 573)	1 935 537
Office equipment	815 091	(593 103)	221 988	815 091	(230 032)	585 059
IT equipment	2 740 656	(770 382)	1 970 274	2 374 090	(770 382)	1 603 708
Buildings - community	2 343 000	(336 042)	2 006 958	2 343 000	(336 042)	2 006 958
Air conditioners	384 035	(152 907)	231 128	384 035	(129 933)	254 102
Sport and recreation facilities	21 197 117	(3 872 300)	17 324 817	17 216 290	(3 048 322)	14 167 968
Other equipment (non-office)	114 682	(49 221)	65 461	114 682	(30 107)	84 575
Buildings - market and industrial	-	-	-	4 942 247	-	4 942 247
Road infrastructure	183 120 294	(41 618 884)	141 501 410	151 630 895	(26 065 601)	125 565 294
<b>Total</b>	<b>241 432 201</b>	<b>(53 570 336)</b>	<b>187 861 865</b>	<b>213 014 226</b>	<b>(35 211 335)</b>	<b>177 802 891</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

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### 8. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2012

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Buildings - municipal and civic	18 259 612	-	(3 153 055)	(395 628)	14 710 929
Plant and machinery	7 475 656	-	-	(676 473)	6 799 183
Furniture and fixtures	922 175	51 731	-	(145 125)	828 781
Motor vehicles	1 935 537	615 000	-	(349 601)	2 200 936
Office equipment	585 059	55 754	(314 616)	(104 209)	221 988
IT equipment	1 603 708	729 638	-	(363 072)	1 970 274
Buildings - community	2 006 958	-	-	-	2 006 958
Air conditioners	254 102	-	-	(22 974)	231 128
Sport and recreation facilities	14 167 968	3 980 827	-	(823 978)	17 324 817
Other equipment (non-office)	84 575	-	-	(19 114)	65 461
Buildings - market and industrial	4 942 247	-	(4 942 247)	-	-
Road infrastructure	125 565 294	31 489 399	-	(15 553 283)	141 501 410
	<b>177 802 891</b>	<b>36 922 349</b>	<b>(8 409 918)</b>	<b>(18 453 457)</b>	<b>187 861 865</b>

#### Reconciliation of Work-in-Progress 2012

	Opening balance R	Additions R	Changes and other movements R	Total R
Road related infrastructure	21 236 613	20 939 569	(40 924 654)	1 251 528
Recreation facilities	3 423 237	557 591	(3 980 828)	-
Land and buildings - industrial	4 942 247	5 928 435	(2 942 247)	7 928 435
Transferred to completed items	140 313	-	-	140 313
	<b>29 742 410</b>	<b>27 425 595</b>	<b>(47 847 729)</b>	<b>9 320 276</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

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### 8. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2011

	Opening balance R	Additions R	Depreciation R	Total R
Buildings - municipal and civic	11 783 637	6 871 600	(395 625)	18 259 612
Plant and machinery	492 808	7 420 299	(437 451)	7 475 656
Furniture and fixtures	227 996	805 979	(111 800)	922 175
Motor vehicles	805 810	1 418 450	(288 723)	1 935 537
Office equipment	4 108	686 784	(105 833)	585 059
IT equipment	1 149 493	729 891	(275 676)	1 603 708
Buildings - community	2 057 628	-	(50 670)	2 006 958
Air conditioners	188 438	88 638	(22 974)	254 102
Sport and recreation facilities	11 369 668	3 423 237	(624 937)	14 167 968
Other equipment - (non-office)	87 689	16 000	(19 114)	84 575
Buildings - industrial and markets	4 942 247	-	-	4 942 247
Roads infrastructure	128 365 739	11 146 115	(13 946 560)	125 565 294
	<b>161 475 261</b>	<b>32 606 993</b>	<b>(16 279 363)</b>	<b>177 802 891</b>

#### Reconciliation of Work-in-Progress 2011

	Opening balance R	Additions R	Changes and other movements R	Total R
Road related infrastructure	15 594 814	-	(9 238 710)	6 356 104
Other property, plant and equipment	4 942 247	140 313	-	5 082 560
	<b>20 537 061</b>	<b>140 313</b>	<b>(9 238 710)</b>	<b>11 438 664</b>

The municipality opted to take advantage of Directors 4 issued by the Accounting Standards Board in March 2009, paragraph 71 to 83 which allows a period of 3 years from the date of initial adoption of GRAP 17 to comply with the recognition requirements of the Standard.

Land and buildings include administrative offices and municipal houses located in various sections of Giyani township. Land and buildings were valued by MOD HOPE Property Valuers, registered independent valuers. The last valuation was performed as part of the general valuation of all properties within the municipal area for the compilation of the valuation roll in terms of the Municipal Property Rates Act (Act No. 5 of 2004) and approved for implementation by Council with effect from 01 July 2008.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>9. Trade and other payables</b>		
Trade payables	9 173 584	3 938 443
Retention	214 644	1 368 451
Accrued leave	9 545 988	11 429 681
Accrued bonus	2 093 231	1 373 656
Unspecified direct deposits	623 434	598 688
Inter-municipal account (MDM) *	33 180 246	31 498 271
	<b><u>54 831 127</u></b>	<b><u>50 207 190</u></b>

### \* Inter-municipal account (MDM)

The water services function is ringfenced on the account of MDM which is the water services authority. Revenue earned, net of agency fees, and transfers received are credited to the inter-municipal control account, while all expenses incurred are charged to the same control account. The net effect of all the balances arising from water services related transactions is a credit amount of:

DWAF grant Inc	(31 930 780)	(31 930 780)
Gross revenue - water	(40 580 711)	(28 905 564)
Gross revenue - sewerage	(6 144 100)	(4 143 290)
Overheads - water	8 448 412	6 878 978
Overheads - sewerage	5 994 106	4 354 069
Agency income - water	987 363	720 968
Agency income - sewerage	116 354	75 480
Water debtors ex GGM (aged)	25 555 025	18 556 809
Sewerage debtors ex GGM (aged)	4 374 085	2 895 059
	<b><u>(33 180 246)</u></b>	<b><u>(31 498 271)</u></b>

### 10. VAT payable

Output Vat	4 814 931	1 823 783
Input vat supplies	179 983	(3 773 610)
Vat recoveries	(935 186)	6 497 758
	<b><u>4 059 728</u></b>	<b><u>4 547 931</u></b>

### 11. Unspent conditional grants

#### National Electrification Grant (INEG)

Unspent balance at the end of the year	<b><u>11 027 527</u></b>	<b><u>13 273 915</u></b>
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# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>12. Retirement benefit obligation</b>		
<b>Long service award / bonus</b>		
Opening balance	4 560 333	4 560 333
Service costs	360 279	1
Interest cost	381 381	1
Actuarial gain / loss	183 354	1
Benefit paid	(147 001)	(1)
<b>Closing balance</b>	<b>5 338 346</b>	<b>4 560 335</b>
<b>Post retirement benefit obligation</b>		
Opening balance	3 447 773	3 447 773
Service cost	315 458	-
Interest cost	263 502	-
Actuarial gain / loss	160 762	-
Benefit paid	-	-
	<b>4 187 495</b>	<b>3 447 773</b>
<b>Total balance</b>	<b>9 525 841</b>	<b>8 008 108</b>
<b>13. Accumulated surplus</b>		
Balance at the beginning of year	135 015 602	159 902 215
Prior year adjustments to retained income	(227 889)	-
Surplus / deficit for the year	48 774 438	(24 886 613)
<b>Balance at end of year</b>	<b>183 562 151</b>	<b>135 015 602</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>14. Commitments</b>		
Commitments in respect of capital expenditure		
<b>Approved and contracted for</b>		
Tourism information centre	-	463 391
Electrification of 7 villages	-	121 674
Electrification of villages phase 2	-	814 856
Giyani section F gravel to tar upgrade	207 327	642 244
Khashane and Kheyi road	291 382	-
Shikhumba access road	360 417	-
Tourism information centre phase 3	3 792 159	-
Tourism information centre phase 2	563 614	-
Muyexe sports centre	297 158	332 725
Apollo lights	250 000	-
	<b>5 762 057</b>	<b>2 374 890</b>
<b>Approved but not yet contracted</b>		
Waste disposal site development	2 000 000	-
Hlaneki and Ntshuxi culvert bridges	1 000 000	-
	<b>3 000 000</b>	<b>-</b>
<b>Total commitments</b>	<b>8 762 057</b>	<b>-</b>
<b>15. Rental of facilities and equipment</b>		
Rentals of facilities - premises	420 255	392 445
Rental of other facilities and equipment	249 050	215 148
	<b>669 305</b>	<b>607 593</b>
<b>16. Service charges</b>		
Sale of water	(67 389)	(113 591)
Solid waste	3 839 131	3 296 497
Sewerage and sanitation charges	-	(1 236)
	<b>3 771 742</b>	<b>3 181 670</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>17. Government grants and subsidies</b>		
Equitable share *	116 152 000	100 046 650
Finance Management Grant (FMG)	952 355	1 000 000
Infrastructure grant	31 228 193	12 893 925
Systems Improvement Grant (MSIG)	790 000	750 000
LGSETA	347 292	181 440
National Electrification Grant (INEG)	5 265 840	9 434 912
Expanded public works	274 000	-
Sundry grants	-	146
	<b>155 009 680</b>	<b>124 307 073</b>
* In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents received a subsidy of R 5 703 755 (2011: R 5 258 683) which is funded from the grant.		
<b>18. Property rates</b>		
Property rates billed	<b>25 652 874</b>	<b>12 230 879</b>
<b>19. Other income</b>		
Building plans	200 128	108 667
Clearance certificates	6 031	5 770
Confirmation letters	162 693	154 475
Escort fees	167 312	9 854
Rental income - houses	23 054	11 130
Other income	214 481	370 755
Registration of suppliers	26 169	66 812
Registration and transfers	79 547	60 905
Re-issue of statements	6 576	5 505
Sale of tender documents	74 136	112 230
Sale of grave plots	52 292	37 153
Sale of refuse bins	2 167	4 923
Sewer connection	6 237	6 275
Sewer unblocking	32 302	37 704
Water connection	10 854	11 832
	<b>1 063 979</b>	<b>1 003 990</b>
<b>20. Interest received</b>		
Interest received - external investment	<b>11 098 094</b>	<b>1 557 281</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>21. Employee related costs</b>		
Basic	43 727 008	42 913 479
Medical aid - employer contributions	1 121 711	921 189
UIF	397 584	381 495
SALGA	10 537	-
Post retirement benefits	762 053	9 420 016
Post-employment benefits - Pension / provident	10 068 015	12 282 160
Overtime payments	543 879	536 164
Long-service awards	3 659 207	-
Acting allowances	450 353	154 758
Annual bonus	3 005 647	2 887 584
Car allowance	2 442 203	2 559 826
Housing benefits and allowances	113 514	73 432
Clothing allowances	7 500	7 500
Cellphone allowance	297 893	280 148
Standby allowance	30 000	30 000
Other allowances	29 487	16 443
Other employee costs	815 086	-
	<b>67 481 677</b>	<b>72 464 194</b>

Included in employee related costs are the remuneration of senior managers as follows:

**2012**

	Basic salary R	Cellphone allowance R	Travel allowance R	Medical aid R	UIF - employer R	Total R
Accounting Officer	766 340	20 628	97 500	-	1 497	885 965
Chief finance Officer	281 712	6 876	86 431	2 641	624	378 284
Corporate services manager	243 780	6 876	72 185	6 603	749	330 193
Technical services manager	105 153	-	14 000	-	250	119 403
Community services manager	447 998	3 438	154 000	-	1 497	606 933
Strategic planning manager	453 072	4 332	155 813	-	1 497	614 714
	<b>2 298 055</b>	<b>42 150</b>	<b>579 929</b>	<b>9 244</b>	<b>6 114</b>	<b>2 935 492</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

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### 21. Employee related costs (continued)

2011

	Basic R	Car allowance R	Cellphone allowance R	Total R
Accounting Officer	725 520	96 750	20 628	842 898
Chief finance Officer	560 520	192 000	13 374	765 894
Corporate services manager	507 408	168 000	13 374	688 782
Technical services manager	546 168	168 000	-	714 168
Community services manager	469 560	168 000	13 374	650 934
	<b>2 809 176</b>	<b>792 750</b>	<b>60 750</b>	<b>3 662 676</b>

2012  
R

### 22. Remuneration of councillors

Councillors basic remuneration	13 106 578	8 727 517
Councillors pension contribution	735 588	477 764
Travelling allowance	-	2 943 778
Cellphone allowance	-	675 949
Unemployment insurance contributions	83 012	74 702
	<b>13 925 178</b>	<b>12 899 710</b>

#### In-kind benefits

The Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned house and vehicle for official duties.

### 23. Finance costs

Bank charges	433 284	234 585
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### 24. Depreciation

Property, plant and equipment	18 504 127	16 279 363
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### 25. Debt impairment

Contribution to debt impairment provision	16 910 981	33 333 284
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All debtors balance aged above 120 days are considered doubtful, and a provision is raised in respect thereof. The provision is raised at cost.

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>26. Contracted services</b>		
Insurance	266 282	380 229
Refuse removal	87 405	1 056 225
	<b>353 687</b>	<b>1 436 454</b>
<b>27. General expenses</b>		
Advertising	385 192	64 979
Auditors remuneration	1 912 885	1 547 875
Cellphones	95 047	149 140
Consulting and professional fees	2 542 743	1 920 556
Consumables	813 627	608 272
Donations	25 750	31 500
Electricity	1 192 665	769 753
Entertainment	167 583	96 978
Free basic services	5 235 070	5 018 709
General programmes	1 074 540	781 505
IT expenses	382 374	419 228
Lease rentals on operating lease	223 921	794 977
Magazines, books and periodicals	34 773	59 957
Medical expenses	1 683	17 596
Motor vehicle expenses	1 027 664	547 165
Printing and stationery	146 224	131 174
Postage and courier	598 779	392 951
Project costs expensed	6 048 822	9 705 303
Security	649 474	1 310 406
Sewerage and waste disposal	(17 660)	-
Special programmes	193 006	135 724
Subscriptions and membership fees	543 726	958 084
Telephone and fax	799 682	770 106
Travel	1 699 035	2 029 969
Training	870 725	431 208
Uniforms	192 728	206 113
Other expenses	5 085 697	4 469 400
	<b>31 925 755</b>	<b>33 368 628</b>
<b>28. Auditors' remuneration</b>		
Fees	<u>1 912 885</u>	<u>1 547 875</u>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>29. Cash generated from operations</b>		
Surplus / (deficit)	48 774 438	(24 886 613)
<b>Adjustments for:</b>		
Depreciation	18 504 127	16 279 363
<b>Changes in working capital:</b>		
Inventories	365 830	(277 619)
Trade and other receivables	432 509	(267 936)
Consumer debtors	(8 797 885)	1 221 713
Short term investments	(10 470)	(10 826)
Prepayments	-	17 205 337
Trade and other payables	4 191 428	(322 991)
VAT payable	(488 203)	4 547 931
Unspent conditional grants	(2 246 388)	12 573 163
Retirement benefit obligation	6 078 071	3 447 773
	<b>66 803 457</b>	<b>29 509 295</b>
<b>30. Unauthorised expenditure</b>		
Operating expenditure	-	-
Opening balance	-	4 184 854
Condoned by Council	-	(4 184 854)
Current year disclosures	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>31. Irregular expenditure</b>		
Supply Chain Management (SCM) requirement not fully complied with in the prior year	-	-
Excess availment on councillors cellphone contract (prior years)	-	48 464
	<b>-</b>	<b>48 464</b>
Opening balance	-	9 549 755
Condoned by Council	-	(9 549 755)
Current year disclosures	4 617 006	-
<b>Closing balance</b>	<b>4 617 006</b>	<b>-</b>
<b>32. Fruitless and wasteful expenditure</b>		
Penalties on late payment to SARS	-	-
Penalties on late payment to	-	19 417
Fraudulent bank transaction	-	195 000
	<b>-</b>	<b>214 417</b>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>32. Fruitless and wasteful expenditure (continued)</b>		
Opening balance	195 000	214 417
Condoned by Council	-	(19 417)
Current year disclosures	151 598	-
<b>Closing balance</b>	<b>346 598</b>	<b>195 000</b>

The municipality suffered a loss of R 195,000 through a scam involving the use of a fraudulent bank transaction by a fictitious company masquerading as Balaton International in the 2005 / 2006 financial year end. The amount is fully provided for in the financial statements however, Council has rescinded an earlier resolution to write off the amount against the provision in order to allow the investigation of the case to continue.

## 33. Additional disclosure in terms of Municipal Finance Management Act

### Contributions to organised local government

In terms of section 36 / MFMA regulations, any deviation from the SCM policy should be approved or condoned by the accounting officer.

#### Incident

Disclosures is hereunder made in terms of the MFMA (section 114), in terms whereof if a tender other than the one recommended in the normal course of implementing the SCM policy is approved, the accounting officer must, in writing, notify Auditor-General, the relevant Provincial Treasury and National Treasury of the reasons for deviating from such recommendations. With regards to the current year, the deviations were tabled to Council and the relevant offices duly notified in writing.

Construction of Giyani section F road	-	10 657 529
Supply and delivery of 2 waste compactors	-	2 854 990
Supply and delivery of 1 skip loader truck	-	655 840
Repair of potholes in the township	-	400 743
Development of operational plan for GGNRDP	-	2 886 000
	<hr/>	<hr/>
	-	17 455 102
	<hr/>	<hr/>

### SARS (PAYE, SDL and UIF)

Opening balance	-	-
Payable for the current year	9 415 137	381 495
Amount paid current year	(9 415 137)	(381 495)
Amount paid previous years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>33. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Medical aid deductions</b>		
Opening balance	-	-
Current year payroll deductions	1 121 711	921 189
Amount paid current year	(1 121 711)	(921 189)
Amount paid previous years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>Pension Fund</b>		
Opening balance	-	-
Current year payroll deductions	9 328 289	8 834 387
Amount paid current year	(9 328 289)	(8 834 387)
Amount paid previous years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>SALGA</b>		
Opening balance	-	-
Current year payroll deductions	10 537	-
Amount paid current year	(10 537)	-
Amount paid previous years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>Councillors' arrear consumer accounts</b>		
During the year the following Councillors' had arrear accounts outstanding for more than 90 days.		
	Highest outstanding amount R	Highest amount outstanding R
W Baloyi	12 701	-
HJ Bilankulu	4 682	-
BM Makhubele	1 052	-
GA Maluleke	445	-
KA Manganyi	1 722	-
	<hr/>	<hr/>
	20 602	-
	<hr/>	<hr/>

# Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>34. Prior period error - provision for leave</b>		
The correction of the error(s) results in adjustments as follows:		
<b>Statement of financial position</b>		
Previously reported	-	2 009 665
Leave	-	7 740 878
Long service award	-	1 679 138
<b>Reinstated amount</b>	<u>-</u>	<u>11 429 681</u>
<b>35. Prior period error - post retirement medical aid</b>		
<b>Statement of Financial Performance</b>		
Previously reported	-	-
Provision made	-	3 447 773
<b>Reinstated amount</b>	<u>-</u>	<u>3 447 773</u>
<b>36. Prior period error - property plant and equipment</b>		
<b>Statement of financial position</b>		
Total cost reported	-	212 854 431
Adjustments: Air	-	159 795
<b>Reinstated amount</b>	<u>-</u>	<u>213 014 226</u>
<b>Accumulated depreciation</b>		
Total cost reported	-	37 960 069
Accumulated depreciation adjustments	-	(2 748 736)
<b>Reinstated amount</b>	<u>-</u>	<u>35 211 333</u>
<b>Total value reinstated</b>	<u>-</u>	<u>177 802 893</u>
<b>37. Prior year error - bank</b>		
<b>Statement of financial position</b>		
Opening balance	-	25 490 367
Adjustments	-	(1 828 706)
Other adjustments	-	32 582
<b>Reinstated balance</b>	<u>-</u>	<u>23 694 243</u>
<b>38. Prior year error - payroll creditors</b>		
<b>Statement of financial position</b>		
Opening balance	-	1 480 812
Adjustments	-	(1 480 812)
	<u>-</u>	<u>-</u>

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>39. Prior year error - trade creditors</b>		
<b>Statement of financial position</b>		
Opening balance	-	7 080 106
Adjustments	-	(1 773 212)
<b>Reinstated balance</b>	<u>-</u>	<u>5 306 894</u>
<b>40. Prior period error - unknown deposit</b>		
<b>Statement of financial position</b>		
Opening balance	-	713 196
Adjustments	-	(114 508)
<b>Reinstated balance</b>	<u>-</u>	<u>598 688</u>
<b>41. Prior year error - VAT receivable</b>		
<b>Statement of financial position</b>		
Opening balance	-	14 777 988
Adjustments	-	(19 325 918)
<b>Reinstated balance</b>	<u>-</u>	<u>(4 547 930)</u>
<b>42. Prior year error - mopani loan account</b>		
<b>Statement of financial position</b>		
Opening balance	-	(8 200 226)
Adjustments	-	(23 298 046)
<b>Reinstated balance</b>	<u>-</u>	<u>(31 498 272)</u>

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

	2012 R	2011 R
<b>43. Prior year error - accumulated surplus</b>		
<b>Statement of financial position</b>		
Balance at 30 June	- 147 552 480	
Accumulated surplus for the year	- 13 843 038	
<b>Opening balance</b>	<hr/> - 161 395 518	
Opening errors balance	- 10 450 830	
Reversal of billings	- (5 296 985)	
Property, plant and equipment adjustments	- 1 230 770	
Payroll creditors adjustments	- (307 969)	
Trade creditors adjustments	- 1 733 769	
VAT	- (8 983 977)	
Water related items	<hr/> - (319 741)	
	<hr/> - (1 493 303)	
<b>Reinstated balance</b>	<hr/> - 159 902 215	

## 44. Risk management

### Financial risk management

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

The economic entity's monitors and manages the financial risks relating to the operations of the economic entity through internal risk reports which analyse exposures by degree and magnitude of risks. The entity has exposure to the following financial risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (including interest rate risk and price risk).

The economic entity seeks to minimise the effects of these risks in accordance with the economic entity's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The economic entity does not enter into or trade in financial instruments for speculative purposes.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

	2012 R	2011 R
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### 44. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Receivables are presented net of an allowance for impairment.

Financial assets which expose the municipality to credit risk at year end were as follows:

Financial instrument	2012	2011
	R	R
Cash and cash equivalents	114 708 853	25 940 368
Short term investments	207 715	199 558
Trade and other receivables	<u>3 475 975</u>	<u>3 475 975</u>

These balances represent the maximum exposure to credit risk.

#### Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The entity's exposure to liquidity risk is a result of the funds available to cover future commitments. The entity manages liquidity risk through ongoing review of commitments.

The economic entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The entity has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

#### Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call and notice deposits.

# Greater Giyani Municipality

*Annual Financial Statements for the year ended 30 June 2012*

## Notes to the Annual Financial Statements

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### 45. Contingencies

#### Contingent liabilities

The municipality has various claims of legal disputes with suppliers and are subject to mediation or legal process. The maximum potential liability is estimated at R 2 065 000.

The table below indicates the details of claims referred above:

Name of the case	Name of the claim	Current status	Litigation amount
Malakubela Construction	Service provider is suing the municipality for services rendered	Matter referred to attorneys on 01 June 2012 to defend the municipality.	R 270 000
Antoniek Construction	Services provider issued summons for delivery of material	Matter referred to arbitration.	R 390 000
Knowledge Ngobeni	Plaintiff issued summons against the Municipality for an amount of R 900 000 for structure demolished at site 1947 and 1948 F	Pleading closed, awaiting trial date.	R 900 000
Vusikoti art	Plaintiff issued summons against the municipality for amount on designing a municipality logo	Awaiting court judgement on the matter.	R 135 000
OSZ Tayob t/a EH Hassim	Cession payment		R 370 000

## Appendix B

### Analysis of property, plant and equipment as at 30 June

#### Cost/Revaluation

Accumulated

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand
<b>Land and buildings</b>										
Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>										
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>										
Parks & gardens	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

## Appendix B

### Analysis of property, plant and equipment as at 30 Jun Cost/Revaluation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand
<b>Heritage assets</b>										
Buildings										
Other	-	-	-	-	-	-	-	-	-	-
<b>Specialised vehicles</b>										
Refuse	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>										
General vehicles	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

## Appendix B

### Analysis of property, plant and equipment as at 30 Jun Cost/Revaluation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand
<b>Total property plant and equipment</b>										
Land and buildings	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Agricultural/Biological assets</b>										
Agricultural assets	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>										
Computers - software & programming	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>										
Investment property	-	-	-	-	-	-	-	-	-	-
<b>Total</b>										
Land and buildings	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-

## Appendix B

### Analysis of property, plant and equipment as at 30 Jun Cost/Revaluation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand
<b>Land and buildings</b>										
Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>										
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-

## Appendix B

### Analysis of property, plant and equipment as at 30 June

**Cost/Revaluation**      **Accumulated**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand
Reticulation	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>										
Parks & gardens	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-

## Appendix B

### Analysis of property, plant and equipment as at 30 Jun Cost/Revaluation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand
<b>Heritage assets</b>										
Buildings										
Other	-	-	-	-	-	-	-	-	-	-
<b>Specialised vehicles</b>										
Refuse	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>										
General vehicles	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

## Appendix B

### Analysis of property, plant and equipment as at 30 June

**Cost/Revaluation**      **Accumulated**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand
<b>Total property plant and equipment</b>										
Land and buildings	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Agricultural/Biological assets</b>										
Agricultural	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-
<b>Intangible assets</b>										
Computers - software & programming	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>										
Investment property	-	-	-	-	-	-	-	-	-	-
<b>Total</b>										
Land and buildings	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

## Appendix C

**Segmental analysis of property, plant and equipment as at 30 June 2010**

## Appendix C

### Segmental analysis of property, plant and equipment as at 30 June 2010

**Cost/Revaluation**      **Accumulated Depreciation**

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Appendix D

### Segmental Statement of Financial Performance for the year ended Prior Year Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus / (Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus / (Deficit) Rand
<b>Municipality</b>					
-	-	- Executive & Council/Mayor and Council	-	-	-
-	-	- Finance & Admin/Finance	-	-	-
-	-	- Planning and Development/Economic Development/Plan	-	-	-
-	-	- Health/Clinics	-	-	-
-	-	- Comm. & Social/Libraries and archives	-	-	-
-	-	- Housing	-	-	-
-	-	- Public Safety/Police	-	-	-
-	-	- Sport and Recreation	-	-	-
-	-	- Environmental Protection/Pollution Control	-	-	-
-	-	- Waste Water Management/Sewerage	-	-	-
-	-	- Road Transport/Roads	-	-	-
-	-	- Water/Water Distribution	-	-	-
-	-	- Electricity /Electricity Distribution	-	-	-
-	-	- Other/Air Transport	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>Municipal Owned Entities</b>					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>Other charges</b>					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	- Municipality	-	-	-
-	-	- Municipal Owned Entities	-	-	-
-	-	- Other charges	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

## Appendix D

## Appendix E(1)

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year	Current year	Variance	Explanation of Significant Variances greater than 10% versus Budget
	2010	2010		
	Act. Bal.	Adjusted budget		
	Rand	Rand	Rand	Var
<b>Revenue</b>				
Sale of goods	-	-	-	- (Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-
Rendering of services	-	-	-	-
Rendering of services in agricultural activities	-	-	-	-
Property rates	25 652 874	-	25 652 874	-
Service charges	3 771 741	-	3 771 741	-
Levies	-	-	-	-
Property rates - penalties imposed and collection charges	-	-	-	-
Sales of housing	-	-	-	-
Construction contracts	-	-	-	-
Royalty income	-	-	-	-
Rental of facilities and equipment	669 305	-	669 305	-
Interest received (trading)	-	-	-	-
Dividends received	-	-	-	-
Income from agency services	307 268	-	307 268	-
Public contributions and donations	-	-	-	-
Fines	133 830	-	133 830	-
Licences and permits	4 136 372	-	4 136 372	-
Government grants & subsidies	155 009 680	-	155 009 680	-
Municipal Revenue UD1	-	-	-	-
Municipal Revenue UD2	-	-	-	-
Revenue 1	-	-	-	-
Revenue 2	11 098 094	-	11 098 094	-
Miscellaneous other revenue	-	-	-	-
Administration and management fees received	-	-	-	-
Fees earned	-	-	-	-
Commissions received	-	-	-	-
Royalties received	-	-	-	-
Rental income	-	-	-	-
Discount received	-	-	-	-
Recoveries	-	-	-	-
Other income 1	327 394	-	327 394	-
Other income 2	94 602	-	94 602	-
Other income 3	274 541	-	274 541	-
Other income	367 440	-	367 440	-
Other farming income 1	-	-	-	-
Other farming income 2	-	-	-	-
Other farming income 3	-	-	-	-
Other farming income 4	-	-	-	-
Other farming income	-	-	-	-
Government grants	-	-	-	-
Interest received - investment	-	-	-	-

## Appendix E(1)

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2010	Current year 2010	Variance	Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget		
Interest received - other	-	-	-	-
Dividends received	-	-	-	-
	<b>201 843 141</b>	-	<b>201 843 141</b>	-
Expenses				
Personnel	(67 481 677)	-	(67 481 677)	-
Manufacturing -	-	-	-	-
Employee costs				
Remuneration of councillors	(13 925 178)	-	(13 925 178)	-
Administration	-	-	-	-
Transfer payments	-	-	-	-
Depreciation	(18 504 127)	-	(18 504 127)	-
Impairment	-	-	-	-
Amortisation	-	-	-	-
Impairments	-	-	-	-
Reversal of impairments	-	-	-	-
Finance costs	(433 284)	-	(433 284)	-
Debt impairment	-	-	-	-
Collection costs	-	-	-	-
Repairs and maintenance	-	-	-	-
- Manufacturing expenses				
Repairs and maintenance	(3 534 017)	-	(3 534 017)	-
- General				
Repairs and maintenance	-	-	-	-
- General				
Bulk purchases	-	-	-	-
Contracted Services	(353 687)	-	(353 687)	-
Grants and subsidies paid	-	-	-	-
Cost of housing sold	-	-	-	-
General Expenses	(49 549 878)	-	(49 549 878)	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
	<b>(153 781 848)</b>	-	<b>(153 781 848)</b>	-
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	-	-	-	-
Gain or loss on exchange differences	-	-	-	-
Fair value adjustments	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-
Income from equity accounted investments	-	-	-	-

## Appendix E(1)

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2010	Current year 2010	Variance	Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget		
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	
Taxation	-	-	-	
Discontinued operations	-	-	-	
	-	-	-	
Net surplus/ (deficit) for the year	48 061 293	-	48 061 293	-

## Appendix E(2)

### Budget Analysis of Capital Expenditure as at 30 June 2010

	Additions	Revised	Variance	Variance	Explanation of significant variances from budget
	Rand	Budget Rand	Rand	%	
<b>Municipality</b>					
Executive & Council/Mayor and Council	-	-	-	-	
Finance & Admin/Finance	-	-	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	
Health/Clinics	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	
Housing	-	-	-	-	
Public Safety/Police	-	-	-	-	
Sport and Recreation	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	
Road Transport/Roads	-	-	-	-	
Water/Water Distribution	-	-	-	-	
Electricity /Electricity Distribution	-	-	-	-	
Other/Air Transport	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
<b>Municipal Owned Entities</b>					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
<b>Other charges</b>					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	

## Appendix F

**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

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Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

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**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.